

**EXECUTIVE SECRETARIAT****Routing Slip**

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Remarks:

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Executive Secretary

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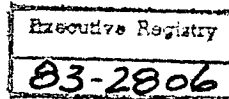
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THE WHITE HOUSE

WASHINGTON

May 27, 1983



MEMORANDUM FOR HEADS OF ALL DEPARTMENTS AND AGENCIES

FROM: THE BUDGET REVIEW BOARD  
James A. Baker *JAB*  
Edwin Meese III *EM*  
David A. Stockman *ADS*

SUBJECT: Initial Guidance for Development of Fiscal Year 1985 Budget Proposals

Background:

Many agencies are now in the early stages of developing budget proposals to submit to the Office of Management and Budget this fall. Given the stringent budget environment, and the need to hold the level of Federal spending to the absolute minimum necessary to carry on essential government functions, we must start now to ensure that the budget options presented to the President this fall all reflect the need to hold the line. Further, if the President's stated objective to reduce Federal civilian employment is to be met, full-time-equivalent (FTE) employment ceilings will have to be maintained that are consistent with the 75,000 FTE government-wide reduction target.

Guidance:

In developing Fiscal Year 1985 budget proposals for submission to OMB, agencies should plan now to submit proposals which, in the aggregate, do not exceed --

- for annually appropriated discretionary programs (including salary and expenses accounts), the 1985 levels established in the Fiscal Year 1984 budget process, as reflected in the April Update;
- for entitlements, the levels, consistent with April Update economic assumptions, assumed for these programs for FY 1985 in the FY 1984 budget; and
- for FTE ceilings, the ceilings established for Fiscal Year 1985 in the 1984 budget process.



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In addition, agencies should prepare options and consider priorities in light of the strong possibility that final agency ceilings for both spending and personnel levels for Fiscal Year 1985 may well be established below the levels described above.

Implementation:

Heads of Departments and agencies should advise their staffs and operating divisions of this guidance at the earliest possible opportunity.